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BRITISH SOCIALISM: A HUNG JURY

by William Henry Chamberlin

For almost five years the British Labor Party, backed by a crushing parliamentary majority, has been able to carry out a large installment of its program of gradualist Socialism. Now this program has been subjected to the verdict of the British people. The result is a hung jury.

The loss of 80 seats, the transformation of a substantial working majority into a margin so slim that the new Attlee Cabinet is given a very short lease of life, is part of a general European swing away from Socialism with its accompanying measures of rationing, price control and minute state regulation of economic life. This swing is significant.

The political picture in Europe has changed almost beyond recognition, if one looks back to the immediate post-war period. In 1946 not only Socialists but outright Communists were sitting in the coalition governments of France, Italy and other West European governments. Communists in the American zone of Germany were pampered and favored as editors and broadcasters by certain elements in our Military Government.

Today Socialism is in retreat -- in some cases in collapse -- all over Western Europe, except Scandinavia. The idea that Socialism is the only effective bulwark against Communism does not jibe with the facts.

The setback to British Socialism is part of an international trend that is not limited to Europe. Australia and New Zealand have recently turned out governments similar in character to that of the British Labor Party. Neither the hopes of Socialists, nor the fears of many individualists that Socialism, once installed in power, could never be defeated, have been realized.

The Labor setback in Britain, however, has not been a rout. Had there been a nationwide revulsion against Labor rule the result would have been a Conservative majority comparable in size with that which Labor achieved in 1945. This did not happen. The picture that emerges from the voting on February 23 (and about 85 per cent of the qualified electorate cast their ballots) is a house divided almost equally against itself.

II

It was perhaps the most class-conscious election in British history. Obviously many people who voted Labor in 1945 changed their minds. This was very marked in middle-class suburban constituencies. Districts

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that Labor won by small majorities or pluralities five years ago, on February 23 turned in thumping Conservative majorities.

But Labor's grip on the big battalions of the industrial workers on the whole remained firm. The Labor Party suffered no defection to the Left. The Communists, never an important element in British politics, were blotted out. The same fate overtook the Henry Wallaces of England, the men who made a specialty of attacking Bevin's foreign policy and the United States, who urged "understanding" of Soviet Russia.

The key to the mixed, indecisive verdict of the British voters lies in appreciating what the Labor regime has done for one section of the population and what it has done to another section. There can be no doubt that full employment and the expanded social services, including free medical aid, were vote-getting assets to the Labor Party.

The best proof is the Conservative election manifesto which stated: "We regard the maintenance of full employment as the first aim of a Conservative Government." The Conservatives were very far from fighting Labor on a program derived from the teachings of Adam Smith and Herbert Spencer. Their strategy was to claim credit for originating many social insurance schemes and to promise to run them more economically.

Labor Party campaign oratory naturally made the most of full employment; higher money wages; and stabilized prices, kept artificially low by spending about a billion and a half dollars annually on food subsidies; of cradle-to-grave security; free medicine; and improved public educational facilities.

For manual workers, especially those in the lower income brackets, the Welfare State has paid dividends. Britain as a whole has been impoverished by the war, yet The Economist, an independent and competent source of judgment, estimates that real wages are about 20 per cent above pre-war.

Although the Labor Government has done nothing that savors of violence or illegality, there has been a very considerable levelling and a substantial siphoning of wealth from the pockets of the middle classes into those of the poor. A saying that one often hears in Britain, which seems to express the realities of the situation accurately, is that the economic top third of the population has lost a good deal, the bottom third has gained a good deal and the middle third has lost a little.

III

The middle classes have been the step-children of the British Labor Welfare State. In the aggregate they get the smallest share of the benefits of an expanded social service program -- and pay most of the cost.

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The living standard of these people has unmistakably fallen, more, in all probability, than the standard of the working class has risen. A pathetic measure of the decline is the delight a middle-class British family now feels at receiving a food package from the United States. The Welfare State is enormously expensive. A tax bill that takes 40 per cent of the national income falls with devastating weight on the upper and middle income brackets.

The thousand and one restrictions which are the product of a planned economy, which Labor politicians and economists represent as the necessary price of full employment and "fair shares", press much harder on the middle class than on the proletariat. For instance, the Labor housing program is designed to promote the building of as many "council houses", simple accommodation at low subsidized rents, as possible. Many middle-class families which cannot hope to get a "council house" are forbidden under the regulations to build new ones or even in some cases to repair their old ones.

The British wage earner is satisfied if he gets a paid holiday at some seaside resort like Blackpool or Bournemouth. But Britons of the middle class have always been fond of European travel. Now, due to foreign exchange conservation, they find it difficult to go abroad and receive extremely meager allotments of foreign exchange in return for their pounds if they do get the necessary permit.

It is the sense of being proletarianized, of being unfairly discriminated against, that probably prompted middle-class voters who sponsored Labor "for a change" in 1945, to vote Conservative or Liberal in the hope of another kind of change in 1950. The mood of British women, who face the hard task of keeping house in an economic climate of queues and shortages, also contributed to the turnover. One of the best quips of the campaign was Winston Churchill's remark that the Labor Party has achieved "queutopia".

IV

A root cause of Britain's difficulties is the injurious effect of the Welfare State on individual ambition. In the kind of social order that has been developing, tangible, personal incentives to zealous and efficient work have been gravely weakened. These incentives fall into two categories, hope and fear.

The hope is for more pleasant living, an automobile perhaps, a better home, improved quality of food, furnishings and adornment, more opportunities for the children. The fear is of unemployment, or of demotion for inefficiency.

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In Britain, with its full, even over-full employment, its subsidized food and subsidized housing, its state-provided cradles and coffins, its ruthless taxes and stern rations, the effectiveness both of hope and of fear have been greatly reduced. Everyone is assured of what by American standards is an uncomfortable living. No one who does not enjoy previously accumulated wealth can rise much above that level, unless they happen to be successful gamblers. So it is not surprising that exhortations to work harder, divorced from practical incentives, usually fall on deaf ears, and that "I couldn't care less", has become one of the most popular phrases in post-war British slang.

Of course war destruction and deterioration, the loss of foreign investments and the dissolution or loosening of Empire ties have made Britain a poorer country. It may be that the little island, packed with almost one-third of America's population, is seriously over-populated.

On the other hand, although the Labor Party chose to ignore this in its election manifesto, Great Britain has received unprecedented peacetime aid since the war. If one adds up the American and Canadian "loans" (neither of which is ever likely to be repaid) and the sums which Britain has received under the Marshall Plan, the figure is over $7 billion. This far exceeds the income lost in the same period from the attrition of foreign investments. Yet even with these lavish subsidies the Socialist Welfare State has not been paying its way.

The immediate outlook is for a new Labor government too weak to risk any controversial measures. It is impossible, under the British parliamentary system, for a Cabinet with such a thin margin of support to last very long. And with the virtual disappearance of the Liberal Party there is no effective "third force" in British politics.

Coalition Cabinets have emerged in both the great wars in which Britain has been involved. But, barring an economic crisis graver than anything that has yet developed, a coalition between two parties with opposed remedies for present difficulties does not seem logical or probable. The chances are that Britain will now mark time on controversial internal issues and speak with a rather uncertain voice in foreign affairs. Britain's political, as well as economic, power will be weakened until the present deadlock is broken and the jury of the British electorate has given a clearer verdict than it has pronounced last week.

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Not Merely Gossip *A Supplement to* Human Events Vol. VII, No. 9

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By Frank C. Hanighen March 1, 1950

SENATE INVESTIGATION: The same old game of confusion-making is on again -- in the case of the Senate subcommittee set up to investigate the State Department. We do not know whether Senator McCarthy, who started the affair, really has important evidence about alleged subversives in the State Department, or not; although experts, at first doubtful of McCarthy's claims, now believe that he "has some red meat". At any rate, Senators Brewster and Ferguson insisted that the Committee be directed to subpoena evidence. President Truman promptly replied that the State Department would not be permitted to open its files to the subcommittee. Then the customary stories attacking the charges were given out to the press. The old, old game of trying to discredit the probe before it even starts is apparently once more being played. Supposing it fails, supposing the investigation goes on -- what then?

Well, the Administration, in its effort to "cover up", holds powerful cards. For instance, take the valiant crusade of Senator Hickenlooper (Ia.) last year against Lilienthal's administration of the Atomic Commission. The whole pack of Lilienthal friends in the press was released against the Iowan. Hickenlooper made charges in open hearing of the committee; but the really persuasive evidence was presented only in secret, executive hearings. Administration Senators gave answers to Hickenlooper's accusations in the open sessions; thereby leaving the public uncertain as to what was the truth. The public mind, however, was protected against evidence backing Hickenlooper which was given behind the closed doors of executive sessions. In short, perfect confusion was created. Hickenlooper, it is true, was finally vindicated. Democratic Senators who heard the secret testimony developed doubts about Lilienthal's adequacy; and prospects of his confirmation (if reappointed) became uncertain. Hence his exit. And the confession of Fuchs in London did no harm to Hickenlooper's reputation. Out in Iowa, it is said that "Hick" is already re-elected; and "Fuchs is his best campaign manager". But all this took a long time; precious time. The same tactics, the same confusion-making can operate in the case of the new probe of the State Department.

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HOT POTATOES: Edna Lonigan, who has been watching proceedings on Capitol Hill, gives us the following report: The potato scandal suddenly took the center of the stage in the Senate last week. It was almost entirely an Administration show, with the severest denunciations of the farm program coming from Democratic stalwarts. Except for a few individuals the Republicans were silent.

The sudden storm had been a long time brewing. After the war Congress continued price supports at almost wartime highs, with no checks on production. Farmers reduced their acreage but planted more rows of potatoes and used far more fertilizer. The weather was perfect, and Canada increased its potato acreage. The Government had to buy 133 million bushels of potatoes in 1948, one third of them in the State of Maine. The surplus for 1950 is at least 70 million. Then Secretary Brannan announced that potatoes would be supported in 1950 at $1.01 a bushel, with no effective limits on production. This was too much.

High costs of the farm program and high prices for consumers do not seem to have angered the public so much as the destruction of good wholesome potatoes which people could eat. In February, Secretary Brannan announced the "dumping" of 25 million bushels of potatoes still in the hands of producers, the first step in the dumping of perhaps 80 million bushels. Instead of burning them with kerosene (which

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costs the taxpayers more money), as he did last year, the Secretary decided to paint the potatoes blue, so no human beings would eat them, and sell them to farmers at one cent a hundred pounds, for feed or fertilizer.

The public wants "surplus" potatoes given to school lunch programs, or to the sick and the aged, but that is technically impossible on any scale. Institutions cannot afford freight costs, the Department cannot legally pay them, and most of the potatoes the government has bought are still on the farms, and in cellars and basements of the farmers who produced them, paid for but useless.

On February 16, Senator Lucas, majority leader, took the potato situation by the horns. He introduced a bill providing that no farmers were to receive supported prices on potatoes planted after the day the bill passed, unless they had voted for production controls. This drastic measure caused an outburst of wrath from the potato lobby which pointed out that Southern growers had already planted their crops, and other potato farmers would face the loss of price supports in the middle of the crop year. Senator Lucas said, "In the seven years potato supports have been in operation the program has cost the taxpayers one-half billion dollars . . . It is time for the Congress to take the kind of drastic action necessary to prevent a continuance of these unholy and unjustifiable subsidies under the potato program." Senator Lucas' bill was voted down on the ground that it was a change of agreement during the growing season. It was replaced by amendment; imposing milder marketing agreements this year and controls in 1951.

But the Senators knew that the debate was not on potatoes. Rather it was on the whole fantastic Rube Goldberg mechanism which the Administration calls its farm program. Senator Robertson of Virginia said, "When the Marshall Plan ends in the fiscal year 1952 our American farmers are going to lose an export market of more than $1 billion a year. Everyone knows that we have not worked out a satisfactory solution of the farm problem even with the give-away program of the ECA."

Meanwhile we have been suctioning millions of pounds of eggs out of China and burying them. Where is the Aristophanes who can describe the achievements of our age -- gold buried in the ground in Kentucky, eggs buried in caves in Missouri, and Americans taking food from a starving nation to give dollars to Red conquerors who are booting our consuls out of China!

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POST OFFICE: The Hoover Commission Report relentlessly pushes on, despite the Veterans Administration (or perhaps helped by that opposition). The Citizens Committee for the Hoover Report has sent us a brochure entitled "The Heart of the Hoover Report on the Post Office". In a sense, this Post Office section may be the heart of the whole report. For the Post Office still is triumphantly cited by Socialists and many others who point to its "efficiency" as the answer to the claims of private industry. Such advocates of Government enterprises had better read this brochure, which starts: "When John Wanamaker was Postmaster General in 1889 he is said to have offered to take over the U. S. Post Office under contract, run it as a private enterprise on strictly business lines, and show a profit for the Government and himself instead of an annual deficit. The offer was declined. Ever since then, except for a few scattered years, the Post Office has continued to operate at a loss. When the Hoover Commission examined the Post Office it found much the same faults that Wanamaker had found: a creaky, over-centralized organizational structure; outmoded methods and equipment; cumbersome budgeting and accounting systems; a maze of tangled regulations and restrictions; hidden subsidies -- and politics. . . . No private business could operate at a continuously increasing loss -- and remain in business at all. This year the Post Office is expected to incur a deficit of $500 million -- roughly one third of its revenue. . . . About $140 million a

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year could be saved by modernizing the organization, methods, and equipment of the Post Office. Annual losses could be cut an additional $114 million a year by fixing new rates on certain items. . . . Now before the Congress are three bills which would put into effect the recommendations of the Commission. They are S. 2212 and S. 2213 and H.R. 5775."

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EX-COMMUNISTS: What may be a significant sign of the times appears in an article by Arthur Koestler in the New York Times magazine for February 19, 1950. The piece, entitled "The Complex Issue of the Ex-Communists", discusses the roles of Hiss and Chambers in the great case. We could be wrong, but we find therein the first hint that Whittaker Chambers may be readmitted to respectable society. "Obviously the decisive fact about Chambers", says Koestler, "is that he has performed a service of great utility." Amen! Strangely enough, in these United States, native Communists who have recanted have thereafter remained among the unwashed. How often have we witnessed American intellectual snobs draw back in horror from these "untouchables". As for Chambers . . . ! It might have been said: God forbid that any believer in the higher life should as much as touch the hem of Chambers' garment.

Yet, also strangely, the reputation of European intellectuals who have had second thoughts (such as Koestler himself) has not suffered in America; indeed, almost the reverse is the case -- as may be seen by the circulation figures of his books in the last ten years. But now Koestler has performed the rite of lustration, thereby also performing "a service of great utility". It may well be asked: Does this mean that it takes a high-priced European lecturer to restore our ex-Communists to the company of what might be called the intellectual godly? And doesn't this recall H. L. Mencken's old jibe that Americans esteem a third-rate European actress more highly than a first-rate native article?

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EUROPEAN UNION: Fresh efforts to establish a United States of Europe have been stimulated by the recent visit to Washington of Count Richard Nicolaus Coudenhove-Kalergi. It is reported that the Count, that great exponent of European federalism, has made the following suggestion: delay diplomatic recognition of the West German Government until the whole U.S. of Europe can be recognized. The idea is logical, but is it wise? Will it not arouse just the nationalism which European union seeks to diminish, by reason of keeping the Adenauer Government in "lower case" category? The present division of Germany is bad enough as an irritant. In this connection, the new quarterly Measure includes a salutary warning. In an essay, "Europe's Balance Sheet", Bernhard Guttman remarks:

"Perhaps the [European] selfishness which has destroyed so much has become somewhat less arrogant after the obvious results of a nationalism run amok. But one would experience great disappointment if one believed that this selfishness has been abolished. Hence, one should guard against the creation of new hotbeds of danger. The bitterness engendered by Hitler's Germany is understandable, but it was not wise to inflict upon the German national sentiment such a wound as that of cutting off vast territories in the east of their country. The expulsion of residents by Russians and Poles, the masses of refugees, and finally the splitting up of the remainder of Germany between the Atlantic and the Soviet worlds do not allow the German nation to calm down. Since Germany is an integral part of Europe, the entire world may sooner or later be faced with the repercussions of an impossible situation; what forms these repercussions may take cannot yet be foreseen." Measure is edited and published in Chicago; edited by Otto G. von Simson, with a board headed by Robert M. Hutchins; and published by the Henry Regnery Company, 20 W. Jackson Boulevard, Chicago 4, Illinois.

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Book Events

African Dependencies: A Challenge to Western Democracy, by Nwankwo Chukwuemeka. New York: The William-Frederick Press. $3.50. Reviewed by J. M. Lalley.

The urgencies of the capitalist-industrial economy with its unceasing need of new markets and materials have turned a good many eyes toward Africa as the only great area remaining open to exploitation and development. Meanwhile, the strategic position of Africa, especially the northwestern bulge of the continent, has given it a new importance in all concepts of military defense. Thus a new contest for commercial and political control of Africa may arise to complicate relations between the United States and the colonial powers of Europe; to be further complicated by the rising spirit of both political and economic self-assertion among the natives of the African dependencies. Of this spirit Mr. Chukwuemeka's book affords an example. It is not, however, a manifesto or a work of propaganda, but a rather stiffly-written study, heavily fortified by statistics, of the problems of the industrial development of Africa as they appear to an African with a knowledge of world politics and economics and of modern technological methods. Notwithstanding the title, the study is confined to Nigeria.

The present economy of Nigeria is almost entirely agricultural. Most of the cultivated land consists of tiny holdings of a few acres. The principal export crops are palm oil, palm kernels, cocoa, cotton lint and cottonseed oil, ginger, peanuts and rubber. In all these production is far below the potentialities. Nigeria also contains important mineral resources, including gold and iron, but the full extent of them has apparently not yet been determined, and only tin is being mined in large export quantities.

Mr. Chukwuemeka acknowledges that an economic development of Nigeria is quite impossible under present conditions and without the introduction of vast amounts of capital. The large scale industrial agriculture proposed by Lord Leverhulme and others, would have many advantages over the existing methods; but Mr. Chukwuemeka is by no means satisfied that the native cultivators would benefit by an exchange of their present status for that of wage laborers. The history of the plantation system in the Belgian Congo and in the Cameroons under German rule, he thinks, is proof that the gain in living standards promised by industrial capitalists would hardly be worth the price in spiritual degradation.

Mr. Chukwuemeka believes that small proprietorships and large-scale production are not necessarily incompatible, citing the success of the European peasant co-operatives. What the Nigerian cultivator needs, he says, are improved agricultural methods and implements and an opportunity to dispose of his produce in the most favorable markets. He needs also a means of accumulating savings and Mr. Chukwuemeka wishes to see a creation of marketing and credit co-operatives, the promotion of technical and agricultural schools and industrialization sufficient to permit the development of a domestic trade.

Such improvements, of course, will be impossible without outside help in the form of capital investments. But Mr. Chukwuemeka insists that they are also impossible under any continuation of the colonial system which in the last analysis has been designed to perpetuate trade monopolies and to prevent the emergence of a native middle class. Even if this were not so, Great Britain is now scarcely capable of undertaking the economics of its remaining dependencies in a manner satisfactory to the native inhabitants. The Africans must look elsewhere for capital and for technological assistance. Thus Mr. Chukwuemeka concludes that to assure native co-operation in plans for the exploitation of West African resources it will be necessary to grant to the dependencies the degree of political equality and self-government that will entitle them to membership in the United Nations.

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